

Message Text

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PAGE 01 TOKYO 09729 290922Z

ACTION EA-09

INFO OCT-01 AS-01 ISO-00 SP-02 USIA-06 AID-05 EB-07
NSC-05 EPG-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01
CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02
OPIC-03 LAB-04 SIL-01 PA-01 PRS-01 /081 W
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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 9023

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FOR EA HOLBROOKE AND HEGINBOTHAM

E.O. 11652: N/A

TAGS: EGEN, ETRD, JA

SUBJECT: GROWING JAPANESE SENSITIVITY TO CRITICISM OF TRADE SURPLUS

1. JAPAN IS CONSIDERABLY SOBERED BY RECENT CRITICISM OF ITS MOUNTING TRADE AND PAYMENTS SURPLUSES. U.S. AND UK CRITICISM AT OECD MINISTERIAL HAS STRUCK HARD. DESPITE PREOCCUPATION WITH UPCOMING ELECTION, PRIME MINISTER FUKUDA HAS SCHEDULED PROMPT MEETING WITH KURANARI OF ECONOMIC PLANNING AGENCY AND FOREIGN MINISTER HATOYAMA WHO ATTENDED PARIS MEETING PLUS FINANCE MINISTER BOH TO ASSESS CURRENT SITUATION. DOKO AND IWASA HAVE JUST RETURNED FROM WASHINGTON AND ARE PASSING THE WORD THAT U.S. CIRCLES ARE CONCERNED. OUR FOREIGN OFFICE AND MITI CONTACTS SEEM TO UNDERSTAND ACUTELY THAT THE U.S. WISH TO HOLD DOWN PROTECTIONIST FORCES IS MADE MORE DIFFICULT AS SUCCESSIVE MONTHS SHOW CONTINUING BIG RISES IN JAPANESE EXPORTS WHILE IMPORT GROWTH CONTINUES TO LAG.

2. MORE RESPONSIBLE JAPANESE SOURCES SEEM TO
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PAGE 02 TOKYO 09729 290922Z

RECOGNIZE THAT JAPAN MUST EMBARK ON COMPREHENSIVE PROGRAM TO BEAR A LARGER PORTION OF BURDEN CAUSED BY OPEC SURPLUS AND TO IMPROVE JAPAN'S IMAGE AS MATURE WORLD POWER. MUCH COVERAGE OF OECD MINISTERIAL HAS STRESSED IMPORTANCE OF EXPANDING DOMESTIC DEMAND AND MOVING AWAY FROM PATTERN OF EXPORT-LED GROWTH. UNFORTUNATELY MODERATE ELEMENTS RUN HEAD ON INTO AN

UNDER-CONFIDENT JAPANESE INDUSTRY THAT IT IS ILL INCLINED TO TAKE ANY RISKS. AN INTERESTING INDICATION OF THE EMOTIONAL DEPTHS OF THE PROBLEM IS PROVIDED BY A MAINICHI CORRESPONDENT'S COMMENT INSERTED AFTER MODERATE WELL BALANCED COVERAGE OF BLUMENTHAL REMARKS AT OECD MINISTERIAL. CORRESPONDENT NOTES "THIS IS TANTAMOUNT TO PUTTING A KNIFE RIGHT AT THE THROAT OF JAPAN."

3. WHILE WE CANNOT EXPECT MUCH UNTIL AFTER JULY 10 UPPER HOUSE ELECTIONS, EMBASSY BELIEVES WE SHOULD BE READY SOON THEREAFTER WITH PROPOSAL FOR NON-CONTENTIOUS, WELL-PLANNED AGENDA FOR SUB-CABINET MEETINGS TO BE HELD AS SOON AS FEASIBLE. THE SOONER WE CAN GET THE JAPANESE DECISION-MAKING PROCESS MOVING TO FACE THE GENUINE PROBLEM THE BETTER WE AND THEY CAN AVOID VINDICTIVE CONFRONTATIONS ON TOUCHY INDIVIDUAL TRADE ITEMS. WE ARE IN AN EXCELLENT POSITION BECAUSE OUR HANDS ARE RELATIVELY CLEAN ON TRADE ISSUES AND OUR CONCERN CAN HONESTLY BE SEEN AS THE CONCERN OF A MATURE WORLD POWER THINKING NOT SELFISHLY OF OUR OWN WELFARE BUT OF HEALTH OF WORLD ECONOMY.

4. ACTION REQUESTED: WE REALIZE DEPARTMENT IS CONSIDERING AGENDA AND TIMING FOR SUB CABINET MEETING AND WOULD APPRECIATE KNOWING WHEN IT IS PLANNED TO MAKE AN APPROACH TO THE GOJ TO INFORM THEM OF OUR THINKING. LIMITED OFFICIAL USE

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PAGE 03 TOKYO 09729 290922Z

5. AFTER ABOVE DRAFTED, ON JUNE 29 DAILY YOMIURI CARRIED LONG STORY REPORTING PLANS WERE UNDERWAY TO HOLD JOINT CABINET-ECONOMIC COMMITTEE MEETING IN SEPTEMBER FOR FIRST TIME IN FOUR YEARS. ARTICLE CLAIMS IDEA WAS DISCUSSED "BEHIND THE SCENES" AT OECD MINISTERIAL. FOREIGN OFFICE IS TELLING INQUIRERS THAT NO SUCH MEETING IS PLANNED BECAUSE TWO GOVERNMENTS ARE IN CONSTANT CONTACT ON ALL LEVELS CONCERNING ECONOMIC MATTERS. WE HAVE ADHERED TO SAME LINE. MANSFIELD

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE BALANCE, EXPORTS, GOVERNMENT REACTIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 29-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TOKYO09729
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770231-1217
Format: TEL
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Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1977/newtext/t1977065/aaaaaeke.tel
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Litigation Codes:
Litigation History:
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TAGS: EGEN, ETRD, JA, OECD
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